

Message Text

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R 071840Z AUG 75

FM SECSTATE WASHDC

TO AMEMBASSY RANGOON

C O N F I D E N T I A L STATE 186747

E.O. 11652:GDS

TAGS: EAID, BM

SUBJECT: GUB AID CONSORTIUM PROPOSAL

REF: (A) STATE 181158 (8/18/74) (B) RANGOON 1921

1. IN RESPONDING TO INQUIRIES REGARDING U.S. PARTICIPATION IN ANY AID CONSORTIUM THE EMBASSY MIGHT REITERATE THE SUGGESTION WE MADE LAST YEAR THAT THE GUB MAY WISH TO CONSIDER THE IDEA OF SEEKING FORMATION OF A CONSULTATIVE GROUP OF AID DONORS UNDER IMR-IBRD AUSPICES (REFTEL A). WE WOULD GIVE FAVORABLE CONSIDERATION TO PARTICIPATING IN SUCH CONSULTATIONS AND CONSIDER FUTURE ACTIONS IN LIGHT OF THE GROUP'S DELIBERATIONS. HOWEVER, WE CANNOT MAKE ANY ADVANCE COMMITMENT TO PROVIDE BILATERAL
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ASSISTANCE.

2. FYI: WE ARE STILL RELUCTANT TO SEEK TO RESUME
BILATERAL ASSISTANCE PROGRAMS FOR BURMA FOR THE FOLLOWING
REASONS:

A. BURMA'S ECONOMIC PROBLEMS ARE ESSENTIALLY OF HER OWN
MAKING, AND IN THE ABSENCE OF MEANINGFUL ECONOMIC
REFORMS, ANY FOREIGN ASSISTANCE PROGRAMS WOULD BE MERE
PALLIATIVES TENDING TO PERPETUATE UNSOUND POLICIES.

B. ANY REQUEST FOR FUNDING TO CONGRESS WOULD FOCUS
ATTENTION ON BURMA'S PROBLEMS, INCLUDING HER POOR RECORD
ON HUMAN RIGHTS. SUCH SCRUTINY COULD NOT ONLY RESULT IN
THE REFUSAL OF FUNDS FOR ECONOMIC ASSISTANCE BUT MIGHT
ALSO JEOPARDIZE OUR ANTI-NARCOTICS PROGRAM.

C. NO DIRECT U.S. INTEREST WOULD BE SERVED BY A RESUMP-
TION OF BILATERAL ASSISTANCE. OUR MAIN INTEREST IN
BURMA -- THE ANTI-NARCOTICS EFFORT -- IS RECEIVING A
GOOD GUB RESPONSE, AND THERE APPEARS TO BE LITTLE LIKELI-
HOOD BILATERAL ECONOMIC AID WOULD ADD TO OUR LEVERAGE IN
THAT EFFORT.

3. IF THE BURMESE GOVERNMENT SHOULD, HOWEVER, BE PRE-
PARED TO UNDERTAKE BASIC ECONOMIC REFORMS UNDER THE
AEGIS OF A GROUP LED BY THE IMF AND IBRD, SOME U.S.
PARTICIPATION AND PERHAPS EVEN CONTRIBUTION MIGHT BE
JUSTIFIED ON THE BASIS OF GETTING A POTENTIALLY RICH
COUNTRY BACK ON ITS FEET. WE STILL THINK, AS WE DID
LAST YEAR, THAT THE POINT ABOUT THE NEED FOR BASIC
ECONOMIC REFORMS CAN BEST BE PUT ACROSS BY SUCH MULTI-
LATERAL AGENCIES AS THE IMF AND IBRD. END FYI. KISSINGER

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